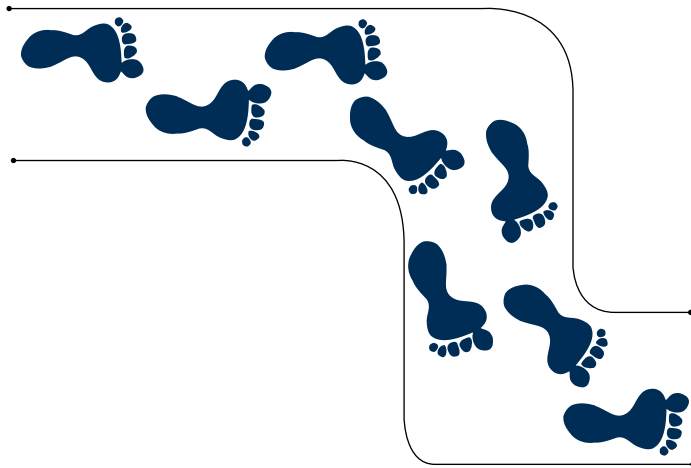


7 Steps to



# **understanding Medicare's new prescription drug program**

October 2005



**A public service of:**



**1-800-562-6900**

**[www.insurance.wa.gov](http://www.insurance.wa.gov)**

# Medicare's new prescription drug program

In 2003, Congress passed the Medicare Modernization Act (MMA) to help elders and the disabled in Medicare pay for prescription drugs. The new drug program takes effect January 1, 2006, with enrollment beginning in late 2005.

You have probably heard of Medicare's new prescription drug coverage by now, either from a friend or a neighbor or from a government agency.

Medicare's new prescription drug coverage is not like the way most people now get health coverage under Medicare. To get the new prescription drug coverage, you must pick one of the prescription drug plans that Medicare has approved. All of the plans will cover different prescription drugs so you'll want to review them carefully.

## It's voluntary for most people

The new prescription drug program is voluntary except for people who also have Medicaid. You may not need to sign up if you already have good prescription drug coverage. However, if you decide to sign up later, there may be penalties for late enrollment. Also, if you're eligible for both Medicare and Medicaid, prescriptions will no longer be available from Medicaid.

Some people may need help in deciding whether or not they should sign up. If they do decide to sign up, they also may need help deciding which prescription drug plan is right for them.

## We can help you decide

The Statewide Health Insurance Benefits Advisors (SHIBA) HelpLine is here to help. We can help you make an informed decision, understand how the law affects you, and which rules apply to you. If you decide to sign up for the new program, we can help you decide which plan is best for you.

SHIBA HelpLine is a statewide network of trained volunteers who educate, assist and advocate for consumers about their rights and options regarding health insurance and health care access, so they can make informed choices.

**You may not need to sign up if you already have good prescription drug coverage.**

**However, if you decide to sign up later, you may have to pay a penalty.**

# How this workbook can help you

We're here  
to help!

This workbook is designed to help you make a timely and informed decision about Medicare's new prescription drug program. Please take the time to read through the entire workbook and complete the worksheet at the end. Once you've completed the following seven steps, you should be able to make a decision about whether Medicare's new program is right for you, and if so, which plan best meets your needs.

**Step 1:** How does the new Medicare prescription drug program affect me? \_\_\_\_\_ Page 3-4

**Step 2:** Do I need to sign up? If so, when? What happens if I don't sign up? \_\_\_\_\_ Page 5

**Step 3:** What kinds of plans are there? \_\_\_\_\_ Page 7

**Step 4:** What do they cover? \_\_\_\_\_ Page 8

**Step 5:** Can I get "extra help" to save money on my prescription drugs and other Medicare costs? \_\_\_\_\_ Page 10

**Step 6:** If I want to enroll, how do I know which is the best plan for me? \_\_\_\_\_ Page 11

**Step 7:** If I want to enroll, how do I sign up and who can help me if I have questions? \_\_\_\_\_ Page 12

SHIBA HelpLine is scheduling workshops and counseling sessions across the state. We encourage you to attend. Call **1-800-562-6900** for a schedule of events or visit [www.insurance.wa.gov](http://www.insurance.wa.gov).

# What you need to help you decide if Medicare's new prescription drug program is right for you.

Pulling together the following information will help you decide if the new program is right for you. SHIBA HelpLine will host workshop sessions across the state. Place a check by each item to be sure you've gathered everything you'll need.

☐ **List of all the prescription drugs that you use.**

You can use our "Medication Tracker" form on page 28 to help you list them, including dosage, cost, pharmacy information, and the name of the doctor who prescribed each one.

**WHY?** Each Medicare prescription drug plan has a different list of drugs that it will cover. This is called a "formulary" or preferred drug list. You will need to know which prescriptions you use in order to compare the plans and decide.

☐ **ACTUAL cost of the prescription drugs you are using.**

This is NOT the copayment or coinsurance you pay. Consult your pharmacist if you are unsure of the actual cost of your drugs.

**WHY?** In order to compare plans and decide which option is best for you, you'll need to know the full cost of the drugs you take.

☐ **Name of doctor(s) you are seeing and the names of their clinics or practices.**

**WHY?** In some cases, you may wish to talk with your doctor about changing to another drug that is equal to the one you take, in order to save money.

☐ **Current insurance cards, benefit booklets, or prescription drug cards.**

**WHY?** Your current coverage helps determine the factors you need to consider when deciding whether Medicare's new prescription drug coverage is right for you, and assessing your Medicare prescription drug options.

☐ **Your income (monthly).**

If you're not sure what this amount is, ask a SHIBA volunteer for help or go to page 11.

**WHY?** There is "extra help" available for Medicare beneficiaries with limited incomes and assets. Some programs offered by the state and the drug companies also may depend upon your income. If you are eligible, these programs can save you money.

☐ **Value of your "countable" assets.**

If you're not sure of this amount, ask a SHIBA volunteer for help or go to page 11.

**WHY?** There is "extra help" available for Medicare beneficiaries with limited incomes and assets. Some programs offered by the state and the drug companies also may depend upon your assets.

- ☐ Your Medicare ID number or Medicare card.

**WHY?** We may be able to help you sign up for programs during our meeting. You will need your Medicare ID to do this. Be sure that you give this number **ONLY** to a SHIBA HelpLine volunteer or other trusted professional. If in doubt, don't give it out!

- ☐ Decision letter from the Social Security Administration (SSA) stating that you are eligible for the Low-Income Subsidy (LIS) or "extra help," if you have it.

**WHY?** This will help a SHIBA volunteer understand if you will have assistance with the costs of Medicare's new prescription drug coverage.

- ☐ Any letter you have received telling you whether or not your current prescription drug coverage is as good as Medicare's prescription drug plan.

**WHY?** This will help a SHIBA volunteer understand whether or not you can wait to enroll in Medicare's new prescription drug plan without a penalty.

- ☐ For people with Medicare and Medicaid, bring the letter from Medicare (CMS) that details which one of the Medicare prescription drug plans you have been assigned to.

**WHY?** So we can help you evaluate if that's the best plan for you.

- ☐ Any questions you have about Medicare's new prescription drug program.



## How the new Medicare prescription drug program affects you

The following categories describe different ways that Medicare beneficiaries receive their health care. Medicare's new prescription drug program will impact each category differently.

**Find the category below which best describes you and circle it.**

Go to the pages listed in the chart to find more information on how the new prescription drug program impacts you.

| <b>Type of plan</b>   | <b>Employer, union or government</b>  | <b>Medicare supplemental or "Medigap"</b>   | <b>Medicare Advantage (formerly Medicare + Choice)</b>                               |
|---|---|---|--|
| <b>Description of how you get your health care</b>                  | You or your dependents get coverage from your employer, a private plan (including a church-sponsored plan or from a state or local government health plan). | You supplement your Medicare with a Medigap plan.   | You have a managed care or HMO plan.   |
| <b>Example</b>  | Boeing, Weyerhaeuser, PEBB, Federal Employees Health Benefits Plan (FEHBP), TRICARE for Life.   | These are plans sold by private companies or organizations like State Farm, Premiera, Regence Blue Shield, or United Healthcare (AARP). | Examples of these plans include: Group Health, Kaiser, Sterling Option 1, HealthNet. |
| <b>Where you can find more information on this type of coverage</b> | Page 13   | Page 15   | Page 17  |

| <b>Medicaid</b>   | <b>Veterans Administration</b>  | <b>Tribal member</b>   | <b>No additional coverage besides Medicare Part A and Part B</b>           |
|---|---|--|--|
| You receive health care benefits through the state.                             | You receive health care and prescription drugs through the Veteran's Administration health care system. | You receive your health care from a tribal health center or Indian Health Services (IHS) clinic. | You pay all the costs after Medicare. You pay for your prescription drugs. |
| You have a medical ID card (also called a coupon) that you use at the pharmacy. | VA medical facilities, ie. Madigan .  | Enrolled in a tribe or use tribal health care.   | No Medigap coverage or any other health care beyond Medicare.              |
| Page 18   | Page 20   | Page 22  | Page 24  |

### Step 1

You know what type of plan you have now. Go to the worksheet at the end to fill in your answer.



## Do I need to sign up for a plan? If so, when?

How you get your health care insurance will determine when or if you want to enroll in Medicare's new prescription drug program. Remember, it's voluntary, but if you decide to sign up for a plan after your deadline, you may have to pay a penalty.

Check the chart below to see enrollment deadlines. If you need help finding the date that applies to you, ask a SHIBA HelpLine volunteer to help.

| How you get your health care coverage | Date by which we recommend you make a decision | Will you have to pay a penalty if you sign up after this date? |
|---------------------------------------|--|--|
| Employer, union, or government        | Depends on plan, see page 14                   | Depends  |
| Medicare Medigap plan                 | May 15, 2006                                   | Yes  |
| Medicare Advantage                    | May 15, 2006                                   | Yes  |
| Medicaid                              | Dec. 31, 2005                                  | No   |
| VA                                    | Not applicable                                 | No   |
| Tribal                                | Not applicable                                 | No   |
| No insurance other than Medicare      | May 15, 2006                                   | Yes  |

### What happens if I want to enroll after the recommended date?

You may already have prescription drug coverage that is "as good as" Medicare's new prescription drug coverage. If so, you can sign up for a Medicare drug plan after your deadline without paying a penalty.

There may be a penalty if you do not enroll by your recommended date. If you are first eligible for Medicare after February 2006, you must decide during your initial Medicare enrollment period. The longer you wait, the more the penalty may be.

### What is the penalty for late enrollment?

The penalty is estimated at 1% for every month that you are late.

### What is considered "late?"

If you miss the recommended decision date, you are not able to sign up until the next enrollment period. The annual enrollment period is Nov. 15 - Dec. 31. If you're uncertain about when your deadline is, ask a SHIBA HelpLine volunteer.

**There may be a penalty of 1% per month if you do not enroll by your recommended date**



**You can  
change plans  
every year  
from Nov. 15  
- Dec. 31 or  
monthly if  
you're eligible  
for both  
Medicare and  
Medicaid**

### Example of a penalty

Bob was supposed to decide if he wanted to join the new Medicare prescription drug program by May 15, 2006, but missed the deadline. In March 2007, he decides to enroll in a plan, but must wait for the next open enrollment period. His plan starts on Jan. 1, 2008. Therefore, he is 19 months late and will have to permanently pay 19% more than the plan would have cost if he had enrolled on time.

### So how much is Bob going to have pay?

Suppose the current premium for the particular prescription drug plan he picked is \$50 per month in January 2008. He will pay \$50 + \$9.50 (which is 19% of \$50). He ends up paying \$59.50 per month.

### Are there any exceptions?

Yes, if you have insurance coverage that is “as good as” Medicare’s prescription drug coverage.

Your current source for prescription drug coverage (your employer, insurance company, the Veterans Administration, etc.) should send you a letter between Sept. 15 – Nov. 15, 2005 telling you whether your coverage is “as good as or better than” the new Medicare prescription drug coverage. Save this letter! If it is “as good as or better than” the new program, then you can delay enrolling in Medicare’s new prescription drug program without having to pay a penalty.

If you have questions about whether or not your coverage is “as good as or better than” the new prescription drug coverage, contact your human resource or personnel department of your employer, union or government agency.

### Can I change prescription drug plans?

Yes. If you are enrolled in Medicare’s new prescription drug program, you can change your plans each year between Nov. 15 - Dec. 31 or monthly if you’re eligible for both Medicare and Medicaid. Your new plan would begin on January 1 of the next year. There are special rules on changing plans for people with both Medicare and Medicaid.

### Step 2

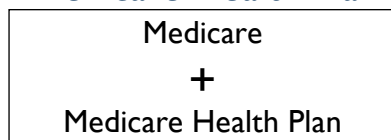
If you want to enroll, do you know when to enroll or whether you can defer for now?  
Go to the worksheet at the end to answer step 2.



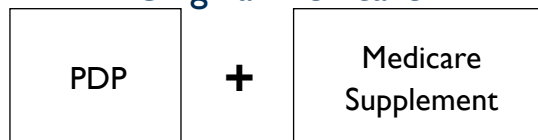
## What kinds of prescription drug plans are available?

There are two different ways to get the new Medicare prescription drug coverage. You can choose either a prescription drug plan (PDP) offered by private companies or a Medicare Health Plan (formerly called Medicare Advantage or Medicare +Choice).

### Medicare Health Plan



### Original Medicare



### Prescription drug plans

Prescription drug plans are stand-alone plans that offer only prescription drug coverage. You may want to choose one of these plans if you wish to stay with or change to the traditional Medicare fee-for-service program for your other health care coverage. These plans are designed to complement Medicare Medigap plans.

For a complete list of these plans, ask a SHIBA HelpLine volunteer for the publication called “Prescription Drug Plans available in Washington and Oregon.”

### Medicare Health Plan (Advantage plans)

A Medicare Advantage plan offers coverage for medical care and coverage for prescription drugs. If you have a Medicare Advantage plan you wish to keep, you must take Medicare’s new prescription drug coverage, if offered, as a part of your Medicare Advantage plan. If you choose a prescription drug plan (PDP) that your Medicare Health Plan does not offer, you risk losing your medical benefit.

For a complete list of these Medicare Health Plans (Advantage plans) available in Washington, ask a SHIBA HelpLine volunteer for the publication called “Medicare Health Plans available in Washington.”

### When will the plans be available?

All of the companies offering prescription drug plans will start advertising their plans on October 1, 2005. Starting on Oct. 13, 2005, you can use Medicare’s Web site [www.medicare.gov](http://www.medicare.gov) to compare the different plans and the prescription drugs they cover.

**Companies offering prescription drug plans will start marketing their plans on October 1, 2005.**

### Step 3

If you decide to enroll, what type of plan will you choose? Go to the worksheet at the end and fill in your answer.

## What will the new Medicare prescription drug program cover?

**The new program may not pay all of the costs of prescription drugs and it may not cover all of the drugs that you need.**

The new Medicare prescription drug program helps to pay part of the cost of prescription drugs that you get at a retail store or through the mail.

Medicare requires companies that offer the new Medicare prescription drug program to provide a certain level of coverage to all beneficiaries. The level of coverage is defined by a standard benefit plan described below. Some plans may pay for more of your drug costs than others.

It's important to note that the new program may not pay all of the costs of prescription drugs and it may not cover all of the drugs that you might need.

### Your costs for the Standard Prescription Drug Benefit

- A monthly premium
- \$250 annual deductible
- You pay 25% of the costs up to \$500. The plan pays 75% of these costs between \$251-\$2,250.
- You pay 100% of drug costs between \$2,251 and \$5,100 up to \$2,850.
- After \$3,600 in out-of-pocket spending, you will pay 5% of the costs and the plan will pay approximately 95%.

**Note:** There may be enhanced plans available that will pay more. Visit [www.insurance.wa.gov](http://www.insurance.wa.gov) to learn more.

### Can I get “extra help”?

Yes. People with low income and limited assets can get “extra help” to pay for the part of the cost of their drugs that is not covered by the benefit plan.

For more information on how you can get “extra help,” go to page 11 or ask a SHIBA HelpLine volunteer for assistance.

Under the new coverage, you **may** be responsible for the following costs:

- Any prescription drug not covered by your plan
- Your plan's monthly premium
- Your plan's annual deductible (this is the amount you pay before your plan starts paying for your prescription drugs)
- Co-insurance (part of the actual cost for each prescription)
- Co-payment (a fee you pay for each prescription)
- “Coverage gap” or donut hole (100% of the actual cost of the prescriptions you get) if your drug costs are between \$2,251 and \$5,100

- Continued from previous page -

### Can the plan change the list of drugs that they cover?

Yes, the plan can change the list of drugs at any time. If a drug you take is affected by the change, you will receive 60 days notice of the change.

### What if the list of drugs covered by the plan does not include a drug I need?

First, talk with your doctor's office. Ask them if there is another drug on the preferred drug list that would work just as well. If there is, ask your doctor to write a prescription for that drug.

If there is not another drug that is as good for you, ask your doctor's office to write a 'letter of exception' to the company. The doctor's letter will ask the company to pay for the drug you need.

### Can I appeal a decision?

If the plan rejects your doctor's letter, you can appeal that decision. The plan will be required to re-consider their decision.

### Can the plan change my benefit?

The benefits offered by your plan may change each year in January but may never be less than the standard benefit plan outlined on page 10. The plan will tell you before open enrollment (Nov. 15-Dec. 31) about changes they intend to make at the end of the year.

## Step 4

Do you know what the plans will pay for and what your costs will be? Fill in your answers on the worksheet at the end.

## Can I get “extra help” paying for prescription drugs?

Some people will get “extra help” with the costs of Medicare’s prescription drug coverage and might also get help with other Medicare costs.

Whether or not you get “extra help” will depend on your family size, your assets and your income.

Each year, compare your total assets and income to the limits on the worksheet below to see if you might be able to get “extra help.”

### Worksheet

| FAMILY SIZE | ASSET LIMIT                 | YOUR ASSETS                                    |
|-------------|-----------------------------|--|
| SINGLE      | \$11,500                    |  |
| MARRIED     | \$23,000                    |  |
|             |                             | <b>Do count</b> cash, savings, investments     |
|             |                             | <b>Don’t count</b> home, cars, household items |
| FAMILY SIZE | INCOME LIMIT<br>(PER MONTH) | YOUR INCOME                                    |
| SINGLE      | \$1,197                     |  |
| MARRIED     | \$1,603                     |  |
|             |                             | <b>Do count</b> income before deductions       |
|             |                             | <b>Don’t count</b> income from dividends       |

You may have already received a letter from the Social Security Administration (SSA) with an application for this “extra help.” If you have questions, ask a SHIBA HelpLine volunteer.

### MEDICARE SAVINGS PROGRAM

This is a program which pays your Medicare Part B premium. It can also pay for deductibles and premiums. If you qualify for this help, the cost of Part B will no longer come out of your Social Security check. Call your local Senior Information and Assistance office at **1-800-677-1116** or the Department of Social and Health Services (DSHS) at **1-800-562-3022** for more information.

### Step 5

Do you think you qualify for “extra help?” Go to the worksheet at the end and fill in your answer.



## If I choose to get Medicare's new program, how do I decide which plan is right for me?

Fill in the "Medication Tracker" on page 28. This form will help you compare the list of drugs you use to the list of drugs covered by the different plans.

Each prescription drug plan will have a list of drugs it covers, called a "formulary" or preferred drug list. The formulary may vary from plan to plan, but you and your doctor will have choices. Before you choose a plan, you'll want to compare the formularies to see which one covers the drugs you need.

There are several ways to compare your list of drugs to the list of drugs each plan covers:

- **By Internet** - If you can use a computer and are comfortable using the Internet, go to [www.benefitscheckup.org](http://www.benefitscheckup.org) (a free service of the National Council of Aging). This site can help research what coverage each plan has as well as other options for assistance. Or visit the official Medicare Website at [www.medicare.gov](http://www.medicare.gov)
- **By Telephone** - Call Medicare directly for help at 1-800-MEDICARE, or call the SHIBA HelpLine at 1-800-562-6900 to set up a counseling appointment.
- **In Person** - Make an appointment to meet with a SHIBA HelpLine volunteer at your community library, senior center, meal site, etc. by calling 1-800-562-6900.

Each prescription drug plan will have a list of drugs it covers, called a formulary or preferred-drug list.

### Step 6

Do you know how to compare the different plans and where to go for assistance? Go to the worksheet at the end.

## If I decide to sign up, who can help me if I have questions?

We hope this workbook helps you. Here are some other ways SHIBA HelpLine can help you with Medicare's new prescription drug coverage:

- **Call us at 1-800-562-6900.** We can answer some questions right now!
- **Come to a group workshop.** We'll be holding workshops across the state. To see the calendar of events, visit [www.insurance.wa.gov](http://www.insurance.wa.gov). Make sure you bring this workbook!
- **Set up a personal meeting.** A SHIBA volunteer would be happy to meet with you. Bring a friend or family member along!

To learn more about how Medicare's new prescription drug coverage affects you, check the following pages for the type of coverage you have. Please let us know if you have questions. Remember, we're here to help!

### Step 7

I know where to go for assistance. Go to the worksheet at the end to fill in your answer.

## Watch out for fraud!

The companies approved by Medicare to sell prescription drug plans are allowed to market these plans over the telephone and by mail, but not door-to-door.

Never give out your Medicare ID number, social security number, or credit card information until you are sure the person is working with Medicare and their product is approved by Medicare. Never give your bank account or credit card numbers or any other personal information to someone you don't know.

If you receive calls from a company wanting to tell you about their prescription drug plans, you should ask the caller for the name of his or her company. Then call Medicare (1-800-633-4227) to see if the company is approved by Medicare. If you're interested in finding out more about the company, ask Medicare for the plan's contact information and call them directly.

If you suspect fraud, report it immediately. Call the SHIBA HelpLine at 1-800-562-6900 or 1-800-MEDICARE (1-800-633-4227), or the Washington State Attorney General's Consumer Protection Division at 1-800-551-4636.

## Plan type: Employer, union or government agency

About 25% of people in Medicare have insurance from a company, union or government agency whether they are still working or retired. If you are one of these people, you can choose to sign up for the new Medicare prescription drug coverage. However, many of you may currently have insurance that is “as good as or better than” the new prescription drug coverage and you may not want to sign up.

### How do I know if my coverage is “as good as” the new program?

If you’re a Medicare beneficiary who gets your health care coverage from a company, union or government plan, you will receive notice from them this October and every Fall in the future telling you whether or not your current coverage is “as good as or better than” the new prescription drug coverage.

### If I don’t sign up now, won’t I have to pay a penalty later?

Not if your plan is “as good as” the new Medicare prescription drug program. If you lose your plan or your plan changes its benefits, you can sign up for a Medicare plan, as long as you do so within 60 days of losing your previous plan.

### What if I get a notice saying the coverage I have now is “as good as” Medicare’s new prescription drug coverage?

- You can wait to sign up and won’t have to pay a penalty for signing up later.
- If you want to switch to the new program at a later date, you can do so during the annual enrollment period, Nov. 15-Dec. 31. Your coverage would start Jan. 1 of the next year.

### What if my insurance is cancelled or my coverage is reduced?

If your insurance program is cancelled or your coverage changes, you will receive a notice from your company, union or government plan, if your coverage is no longer “as good as” Medicare’s prescription drug coverage.

If you decide at that time to enroll in Medicare’s prescription drug coverage, you will have no late-enrollment penalty if you sign up within 60 days of your coverage ending.

### What if my insurance is not “as good as” the new Medicare prescription drug coverage?

If you receive a notice from your employer, union or government plan that says your current coverage is not “as good as” the new program, the time for you to decide if Medicare’s new prescription drug program is right for you is Nov. 15, 2005-May 15, 2006. If you do not sign up for a plan before May 15, 2006, you will have to pay a penalty if you decide to enroll later.

**About 25% of people in Medicare have insurance from a company, union or government agency.**



### What else do I need to know?

In general, companies, unions and government agencies make their own rules about health insurance coverage. Be sure to read the notices you receive and ask questions if you're not sure how you're affected.

It's important to note that if you decide to leave the plan offered by your company, union or government agency, you may not be able to return to that plan later.

You may also want to find out if you will lose all or part of the the plan offered by your company, union or government agency, if you enroll in Medicare's new prescription drug program.

Remember to check and see if you are eligible for "extra help," see page 10.

## Type of plan: Medicare supplement

### Overview

A Medigap policy (sometimes called a Medicare supplement) helps pay for the costs of health care that Medicare does not cover. The policies are sold by private companies. If you have one of these policies, remember to see if you qualify for assistance through the Medicare Savings Programs. See page 10.

Prior to 2006, there were 10 standardized Medigap plans (Plan A through Plan J). While Plans A through J differ from one another, each plan conforms to federal standards for that particular plan (for example, each Plan A offers the same set of benefits, each Plan F is the same, etc.) Each type offers a different grouping of benefits covering different Medicare “gaps.”

In 2006, two new Medigap plans -K and L- are being added. Also starting in 2006, plans H, I, and J will no longer be sold with prescription coverage.

### What do I need to know if I have a Medigap plan H, I or J?

If you already have a Medigap plan H, I or J, your coverage is not considered “as good as” Medicare’s new prescription drug coverage. You will need to sign up for the new program during open enrollment Nov. 15, 2005-May 15, 2006 or pay a penalty if you sign up later.

You may continue to keep your current plan as long as you pay your monthly premium. You cannot be canceled, but you can be charged more!

You can switch to another plan – either one sold by your current company or by a different company. Or you can switch to a Medicare Health Plan. Regardless of which plan you choose, you can get the new prescription drug program.

### What if I get my Medigap (Medicare supplement) plan through an employer, union or government plan?

Medicare Medigap plans are often available to people in a group health insurance program. In addition, people in a group medical plan have other rights and protections. Please make sure you know if your Medicare Medigap plan is provided through a group health insurance program as part of your retiree benefits. If you’re not sure, ask a SHIBA HelpLine volunteer to help you find out.

In addition, people in group medical plans have other rights and protections. Please make sure you know if your Medigap plan is provided through a group health insurance program or retiree plan. If you’re not sure, ask a SHIBA HelpLine volunteer to help you get the information you need.

**In 2006, there will be 12 different types of Medicare Supplement plans.**

### **If I have a Medicare Medigap plan, can I change my insurance coverage?**

Yes, you can.

- You can sign up for a different Medicare Medigap plan – either one sold by your current insurance company or by another insurer.

Ask for the SHIBA HelpLine publication, “Approved Medicare Supplement (Medigap) Plans in Washington” to see a complete list of these plans that are available in Washington.

- You could enroll in a Medicare Health plan. Medicare Health plans (also called Medicare Advantage or Medicare + Choice plans) provide health care coverage and prescription drug coverage. Remember, not all Medicare Health plans are available in all counties.

A complete list of Medicare Health Plans is available. Ask for the SHIBA HelpLine publication, “Medicare Health Plans in Washington State.”

### **What about Plans K and L?**

Plans K and L are two new standard Medicare Medigap plans that will be sold in 2006. These plans require people to pay more of the costs of their own care; in turn, people pay a lower monthly premium. For more information, ask a SHIBA HelpLine volunteer or check our website at [www.insurance.wa.gov](http://www.insurance.wa.gov).

### **What if I bought my Medicare Medigap plan before 1992?**

Medicare Medigap plans sold before 1992 offer different kinds of benefits than plans sold after 1992. You will receive a letter this Fall from the company that sells your plan that will tell you whether the plan you have is “as good as” the new Medicare prescription drug benefit program.

- If the Medicare Medigap plan you have now is “as good as” the new Medicare prescription drug program, you may choose to keep your current coverage and you will not pay a penalty if you sign up for the Medicare prescription drug program after the open enrollment period.
- If the Medicare Medigap plan you have now is not “as good as” the new Medicare prescription drug program, you may choose to keep your current coverage, but you will pay a penalty, if you sign up for the Medicare prescription drug program after May 15, 2006.

## Type of plan: Medicare Health Plan (Advantage Plan) formerly Medicare Plus Choice

### Overview

If you get your health care from a Medicare Health plan (Medicare, HMO, Medicare PPO or Medicare Private Fee-for-Service Plan) that is offering a Medicare prescription drug plan, you must take that plan to stay in your Medicare Health plan. Your new prescription drug plan will start on January 1, 2006.

### You do have other options:

- You could sign up for a different Medicare Health Plan – one that offers different benefits than your current one.

If you'd like to sign up for a different Medicare Health Plan you must do so between November 15, 2005 and December 31, 2005. Your new plan will start on January 1, 2006.

A complete list of Medicare Health (Medicare Advantage) plans is available. Ask for the SHIBA HelpLine publication, "Medicare Health Plans in Washington 2006."

- You could sign up for a Medicare Supplement plan (Medigap plans). Medicare Supplement plans provide health care coverage, but not the new prescription drug coverage.

If you want both health care and prescription drug coverage, you will need to choose both a Medigap plan and a Medicare-approved prescription drug plan (PDP).

Complete lists of both Medicare Supplement plans and prescription drug plans are available. Ask for the SHIBA HelpLine publication, "Approved Medicare Supplement Plans and Medicare-approved Prescription Drug Plans (PDPs) for Washington/Oregon."

**Complete lists of both Medicare Medigap plans and Medicare approved prescription drug plans are available.**

## Type of plan: Medicaid

There are several kinds of Medicaid programs. Some of these programs help pay the cost of prescription drugs. Other programs help with other Medicare costs like Medicare Part B premium (\$78.20 in 2005). With Medicaid assistance, you receive a green and white medical ID card or 'coupon' from the State Department of Social and Health Services (DSHS). Special rules for Medicare's new prescription drug program apply to people who have both Medicare and Medicaid.

### Examples of Medicaid Assistance

**CNP** – Categorically Needy Program

**MNP** – Medically Needy Program

**QMB** – Qualified Medicare Beneficiary

**SLMB** – Specified Low-Income Medicare Beneficiary

**ESLMB**

**QI 1**

**COPES**

**Nursing home**

### Do I have to sign up for Medicare's new prescription drug program?

No. However, starting January 1, 2006, Medicaid will no longer pay for your prescription drugs. If you do not sign up for Medicare's new prescription drug program, you will be auto-enrolled in a plan.

If you have "**CNP**" or "**MNP**" assistance, you will be auto-enrolled by January 1, 2006.

If you have "**QMB**" or "**SLMB**" assistance you will be auto-enrolled by June 1, 2006.

If you believe Medicare's new prescription drug program is right for you, we recommend you enroll before these dates, so you can select the plan which best meets your needs.

### Which prescription drug plan is best for me?

It depends on the drugs you are currently using. The company that Medicare chooses for you may NOT be the best one for you! A SHIBA HelpLine volunteer can help you review your options.

People with both Medicare and Medicaid must sign up or will be auto-enrolled in the new Medicare prescription drug program, if they do not enroll themselves.

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### Can I get the Medicare prescription drug coverage from any plan?

Yes, but some of the companies will charge you a premium for the coverage.

### Can I change from one plan to another?

Yes. In fact, you have special rights to change. It depends on which Medicaid program you have.

- If you have **CNP** or **MNP**, you can change to a different plan starting in January 2006, and each month after that if needed.
- If you have **QMB**, **SLMB**, **ESLMB**, or **QI 1** you can change from one prescription drug plan to another Part D plan once between July 1 and October 31, 2006. After that you can change plans during the annual open enrollment period of Nov. 15 - Dec. 31.

### Will the new Medicare Prescription Drug program cover all of the drugs I need?

It might not. Each plan will cover a list of drugs, and each plan's list of covered drugs will be different.

The preferred drug list for each company will be different than the formulary or preferred drug list that Medicaid uses now.

### What do I have to pay?

Most people in Medicare will have to pay some of the cost of their drugs. The amount you pay depends upon which Medicaid program you have, as well as which plan you choose, what drugs you use, and whether you live in a nursing home.

**CNP, MNP, COPES** clients will pay a co-payment of \$1 for generic drugs and \$3 for brand-name drugs that are on the plan's preferred drug list. **QMB, SLMB** clients will pay a co-payment of \$2 for generic drugs and \$5 for brand-name drugs that are on the company's preferred drug list.

Medicaid clients who are in a skilled nursing facility (**SNF**) do not have co-pays.

## Plan type: Veterans Administration

### Background

Some people who are enrolled in Medicare get some of their health care and prescription drugs through the Veterans Administration (VA) health care system. Most people who get their prescription drugs through the VA health care system pay a small co-payment per prescription. They may pick up their prescriptions at a VA service center or get them from a mail order pharmacy.

Veterans Administration benefits are not the same as TRICARE for Life benefits. VA beneficiaries qualify for benefits based on their active duty service, income and level of disability. In some cases, their spouses and dependents may also be eligible. TRICARE for Life is a health care program for people who retired from career service (20+ years) in the military or are related to someone who did.

### Do I have to decide before May 15, 2006?

No. The benefits you get now through the VA health care system are considered to be “as good as” the Medicare prescription drug benefit. If you wait to sign up, you will not have to pay a penalty. If you lose your VA benefits, you will have the same 60-day period to find a new plan that people with employer-sponsored plans have.

### If I am enrolled in the VA, can I still sign up for the Medicare prescription drug coverage?

Yes. You may have both programs, but you won't be able to have prescriptions covered by both programs. If you want to have both VA and Medicare, you will need to decide for each prescription whether to get it written and filled under the VA or through Medicare.

### Do I have to have Medicare Part B to get the Medicare prescription drug program?

No. Some people who use the VA system to get their prescriptions do not have Medicare Part B. You can get the Medicare prescription drug program without having Part B. You must have Part A or Part B, but you do not need both.

### Why would I consider signing up for Medicare's new program if the VA's coverage is just as good?

- You might end up paying less for your drugs. Some people will qualify for “extra help” with the costs of the Medicare prescription drug coverage. For example, they might have a co-payment of \$2 for generic drugs and \$5 for brand-name drugs.

Most people who get their prescription drugs through the VA health care system pay a small co-payment prescription

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- It might be easier for you to get your drugs at a local pharmacy than going to the VA.
- If you lose your VA benefits, you will have the same 60 day period to find a new plan that people with employer-sponsored plans have.

### Can I get “extra help” with the costs of the Medicare prescription drug program?

“Extra help” is available for people in Medicare who have low income and limited assets. The income limit is \$1,197 a month for a single person or \$1,603 a month for a married couple. The asset limits are \$11,500 for a single person or \$23,000 if you are married and living with your spouse. If you do not qualify for “extra help” and decide to sign up for Medicare’s new prescription drug program, you would pay an extra monthly premium.

**For more information about VA Health Care Benefits, visit**  
**[www.va.gov/healtheligibility](http://www.va.gov/healtheligibility)** or call the  
VA Health Benefits Service Center at **1-877-222-VETS (8387)**  
or visit your local VA medical facility.



## Plan type: Tribal coverage

### Background

Some people in Medicare or who are Medicare eligible get some of their health care and prescription drugs through a tribal or Indian Health Services (IHS) health care provider. They may also use other health services in the community. Some enrolled tribal members have Medicare Part A and Medicare Part B and another private insurance program as well. Others may have Medicaid, in addition to Medicare. Some enrolled tribal members may not have Medicare Part A or Medicare Part B, so the impact and potential value of the Medicare prescription drug coverage depends upon personal circumstances.

If you already have prescription drug coverage through an Indian health care provider or facility, please check with your current provider or the person who manages the program to learn how signing up for the new Medicare prescription drug program may affect you.

### If I am enrolled in a tribe and use tribal health care, can I still sign up for the Medicare prescription drug program?

Yes, if you are enrolled in Medicare. You may have both programs, but you won't be able to have a single prescription covered by both programs. If you want to have both programs, you can choose on a prescription by prescription basis whether to get it written and filled under the tribal health care plan or Medicare.

### Would I have to have Medicare Part B to get the Medicare prescription drug program?

No. It is not uncommon for some people who use a tribal or IHS health care provider to get their prescriptions to not have Medicare Part B. You can get the Medicare prescription drug coverage without Part B; however you must have Part A or Part B.

If you have not signed up for Medicare Part A or B in the past because you were getting coverage through IHS, it's important to remember that if you qualify for the Medicare Savings Program (see page 11), late enrollment penalties for Part A and B will be waived. In addition, the premium for Medicare Part B (and part A if you qualify) will be paid for you.

### Do I have to decide before May 15, 2006?

No. As a member of a sovereign tribal nation, if you wait to sign up you will not face a penalty for late enrollment. There is a time each year, Nov. 15 – Dec. 31, for people to enroll in Medicare's prescription drug program.

The impact and potential value of the Medicare prescription drug coverage will vary from person to person.

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### Why would I sign up, if my current health care is “as good as” the new Medicare prescription drug program?

- You might pay less for your drugs. Some people will qualify for “extra help” with the costs of the Medicare prescription drug program. For example, they might have a co-payment of \$2 for generic drugs and \$5 for brand-name drugs.
- It might be easier for you to get your drugs at a local pharmacy.
- Joining a Medicare prescription drug plan could help your Indian health provider save money and increase services to your community.

### Can I get “extra help” with the costs of the Medicare prescription drug benefit?

“Extra help” is available for people in Medicare who have low income and limited assets. The income limit is \$1,197 a month for a single person or \$1,603 a month for a married couple. The asset limits are \$11,500 for a single person or \$23,000 if you are married and living with your spouse.

In addition, some tribes may help to pay some of the out-of-pocket costs for the Medicare prescription drug program.

#### **For more information about tribal health care benefits**

Contact your tribal benefits counselor or visit your local Indian health provider

## Plan type: No additional insurance besides Medicare

### Background

Some people in Medicare have no other insurance program that helps with the costs that Medicare does not pay. Many of these people pay the whole cost of their prescription drugs out of their own pockets. Some people rely on pharmacy assistance programs or get discount cards through Medicare or a private company. Others shop for their drugs in Mexico, Canada or on the Internet. Many people simply do not fill their prescriptions at all.

The Medicare prescription drug program is a voluntary program. You are not required to sign up. However, whether or not you sign up, the program will affect you. And if you do not sign up now, but choose to do so later, you may face a ‘penalty’ for late enrollment.

### Can I get the Medicare prescription drug program?

Yes. Everyone in Medicare can sign up for the Medicare prescription drug program. You must be in Medicare Part A or Medicare Part B – you do not have to have both. You do not have to have a Medigap plan or Medicare Health plan to get the Medicare prescription drug program.

### How long do I have to decide?

If you do not have “creditable” coverage now – insurance that is “as good as” the Medicare prescription drug program – we recommend you decide before May 15, 2006. If you sign up after that date, you will face a late enrollment penalty.

### Why might I consider Medicare’s new prescription drug program?

There are at least three reasons that you might consider signing up for this program:

- It may become more difficult to get prescription drugs in Mexico, Canada or via the Internet.
- Pharmacy assistance programs sponsored by the drug makers may change or be discontinued.
- Retail drug prices are likely to continue to rise rapidly.

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### Can I get “extra help?”

“Extra help” is available for people in Medicare who have low income and limited assets. The income limit is \$1,197 a month for a single person or \$1,603 a month for a married couple. The asset limits are \$11,500 for a single person or \$23,000 if you are married and living with your spouse.

For people who get “extra help,” they may pay as little as \$2 for a generic drug or \$5 for a brand-name drug and pay no premium each month for a plan. Even for people who do not get “extra help,” the program will help pay the costs of drugs covered by the plan and the savings can be worthwhile.

In any case, it may be wise to sign up now, in case your drug costs increase in the future.

## Worksheet - Medicare's new prescription drug program

Now that you've read through the handbook, you should be able to complete the seven steps and decide if Medicare's new prescription drug program is right for you. Take the time to read through each step carefully and fill in your answers below or check the appropriate box.

Don't worry if you can't answer all of the questions – we're here to help! Just contact the SHIBA HelpLine at 1-800-562-6900. If you're completing this worksheet at a SHIBA HelpLine workshop or group counseling session, you can ask a SHIBA volunteer for assistance.

### Step 1: How does the new Medicare prescription drug program affect me? (pg. 3-4)

- ☐ I know what type of plan I have or how I get my coverage. I have a \_\_\_\_\_ plan
- ☐ I'm not sure

### Step 2: Do I need to sign up and if so, when? What happens if I don't sign up? (pgs. 5-6)

- ☐ I need to sign up between Nov. 15, 2005 – May 15, 2006 or
- ☐ I can put off my decision and not face a penalty
- ☐ I'm not sure

### Step 3: What kinds of plans are there? (pg. 7)

- ☐ I currently have a Medicare health plan
- ☐ I currently am in the original Medicare program
- ☐ I'm not sure

If I get Medicare's new prescription drug program, I will choose:

- ☐ Medicare Health plan
- ☐ Private Drug Program
- ☐ I'm not sure

### Step 4: What do the plans cover? (pgs. 8-9) \*See page 10 if you qualify for extra help

If I choose a standard Medicare prescription drug plan, my estimated costs will be:

Premium = \$32.20 x 12 months = \$386.40

Deductable = \$250.00

25% cost between \$251.00 - \$2,250 = \$\_\_\_\_\_

100% cost between \$2,251 - \$5,100 = \$\_\_\_\_\_

5% balance = \$\_\_\_\_\_

Amount spent on "prescription drug" not included in the formulary = \$\_\_\_\_\_

- ☐ I'm not sure and would like help filling in these amounts

**Step 5: Can I get “extra help” to save money on prescription drugs and other Medicare costs?** (pg. 10)

**Family Size    Asset limit    My assets are:**

☐ Single      \$11,500      \$\_\_\_\_\_

☐ Married      \$23,000

Do count cash, savings, investments,. Do not count your home, cars, household items

**Family Size    Monthly income limit      My income is:**

☐ Single      \$1,197      \$\_\_\_\_\_

☐ Married      \$1,603

Do count your gross income. Do not count your income from dividends

☐ I may qualify for “extra help”

☐ I do not qualify for “extra help”

☐ I’m not sure

**Step 6: If I want to enroll, how do I know which plan is best for me?** (pg. 11)

If I decide to enroll in a plan, I will determine which plan is right for me by contacting:

☐ [www.benefitscheckup.org](http://www.benefitscheckup.org)

☐ [www.medicare.gov](http://www.medicare.gov)

☐ 1-800-MEDICARE

☐ SHIBA HelpLine

☐ I’m not sure

**Step 7: If I want to enroll, how do I sign up and who can help me if I have questions?** (pg. 12)

☐ I have decided to enroll in a plan and need assistance determining which plan is right for me

☐ I will attend a group workshop

☐ I will contact the SHIBA HelpLine to set up a personal meeting

☐ I will choose not to sign up for a plan or I will defer signing up at this time.

☐ I’m not sure

# SHIBA HelpLine Prescription Medication Tracker

Name: \_\_\_\_\_ Date: \_\_\_\_\_

| Current Rx Medication           |  | Strength of drug (mg) | Dosage (how many/how often) | Actual cost of drugs per month \$ * | Pharmacy  | Prescribing physician |
|---------------------------------|--|-----------------------|-----------------------------|-------------------------------------|---|-----------------------|
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Brand name:                     |  |                       |                             |                                     |   |                       |
| Generic name:                   |  |                       |                             |                                     |   |                       |
| Total cost of drugs per month > |  |                       |                             |                                     | * Actual cost means full cost before insurance--not the copayment or coinsurance you pay. Consult your pharmacist if you do not know the full retail price of a drug. |                       |



This publication may have been partially funded by grants from the Centers for Medicare & Medicaid Services and the US Administration on Aging.